



TPB Workshop

Regional Transit Funding:

Presentation to the Working Committee on Funding of the Transit Planning Board

Atlanta, GA
July 20, 2007






*This document is confidential and is intended solely for the use and
information of the client to whom it is addressed.*



Let's get started.



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Existing Transit Systems Capital and Operating Overview

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Typical sources of transit agency revenues

Category	Sources of Capital Spending	Sources of Operating Spending	All Sources
Fares	1%	26%	20%
Advertising	0%	<1%	<1%
Other Directly Generated	0%	6%	5%
Federal Government	57%	16%	24%
State Government	13%	22%	19%
Local Government	14%	20%	20%
Dedicated Source	15%	10%	12%
Total	100%	100%	100%

Based on average values reported to NTD over the period 2002-2005 for 40 agencies operating in "peer" regions to Atlanta, based on population and transit operating service characteristics

Typical sources of state and local tax revenue for transit

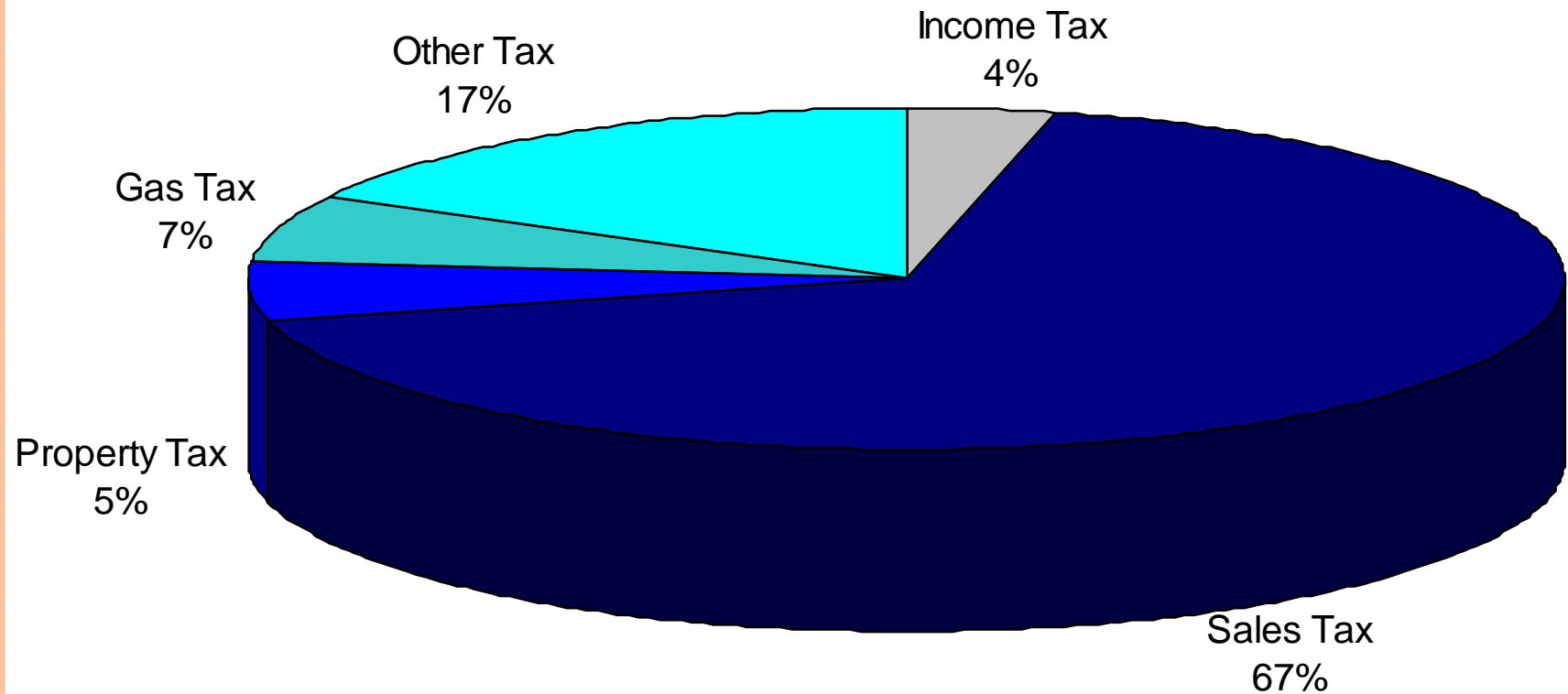


Chart based on average values reported to NTD over the period 2002-2005



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Current transit funding resources in the Atlanta region

- ▶ MARTA tax (1% on sales in DeKalb and Fulton counties)
- ▶ Farebox revenues from all regional transit providers
 - MARTA
 - GCT
 - GRTA/C-Tran
 - Douglas County Rideshare
 - Marietta VPSI
 - City of Canton (no fares)
- ▶ Other directly generated sources (e.g., income from investments, advertising)
- ▶ Federal, state, and local capital grants and operating subsidies
- ▶ 2006 revenues: ~\$570 million (approximately \$190 million reserved for capital investment only)

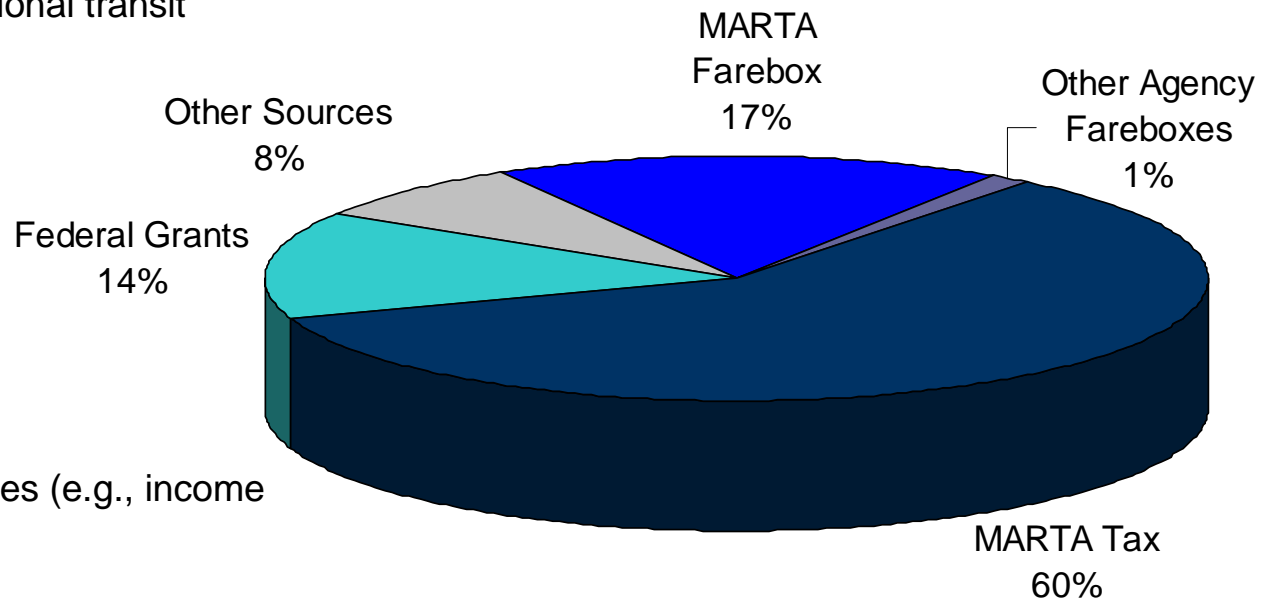


Chart based on 2006 Atlanta regional transit revenue sources as reported locally and to NTD

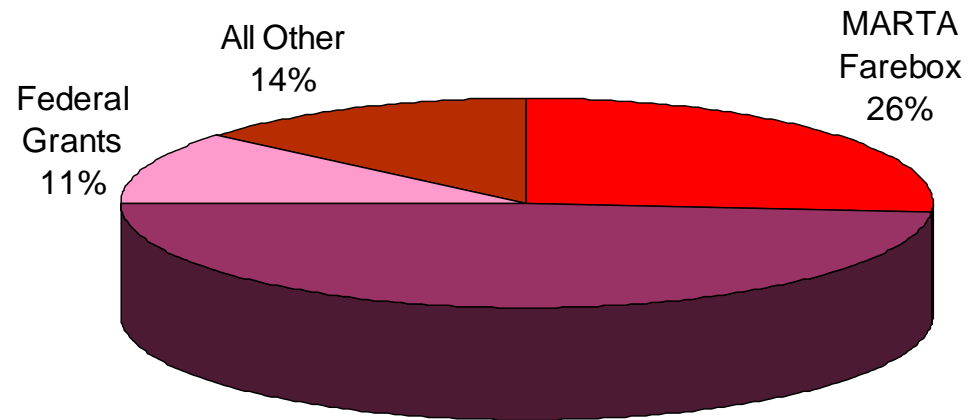


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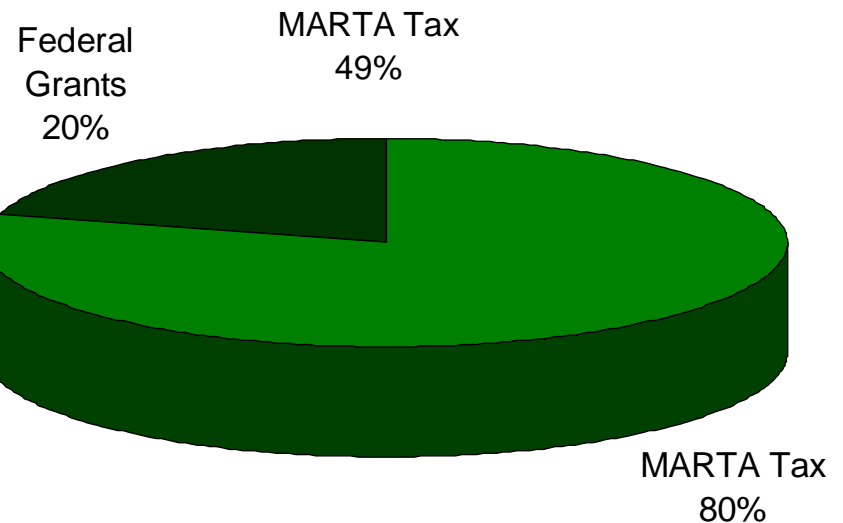
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Atlanta regional transit revenue sources, FY 2006

*Sources of regional operating
revenues
Total \$380 million*

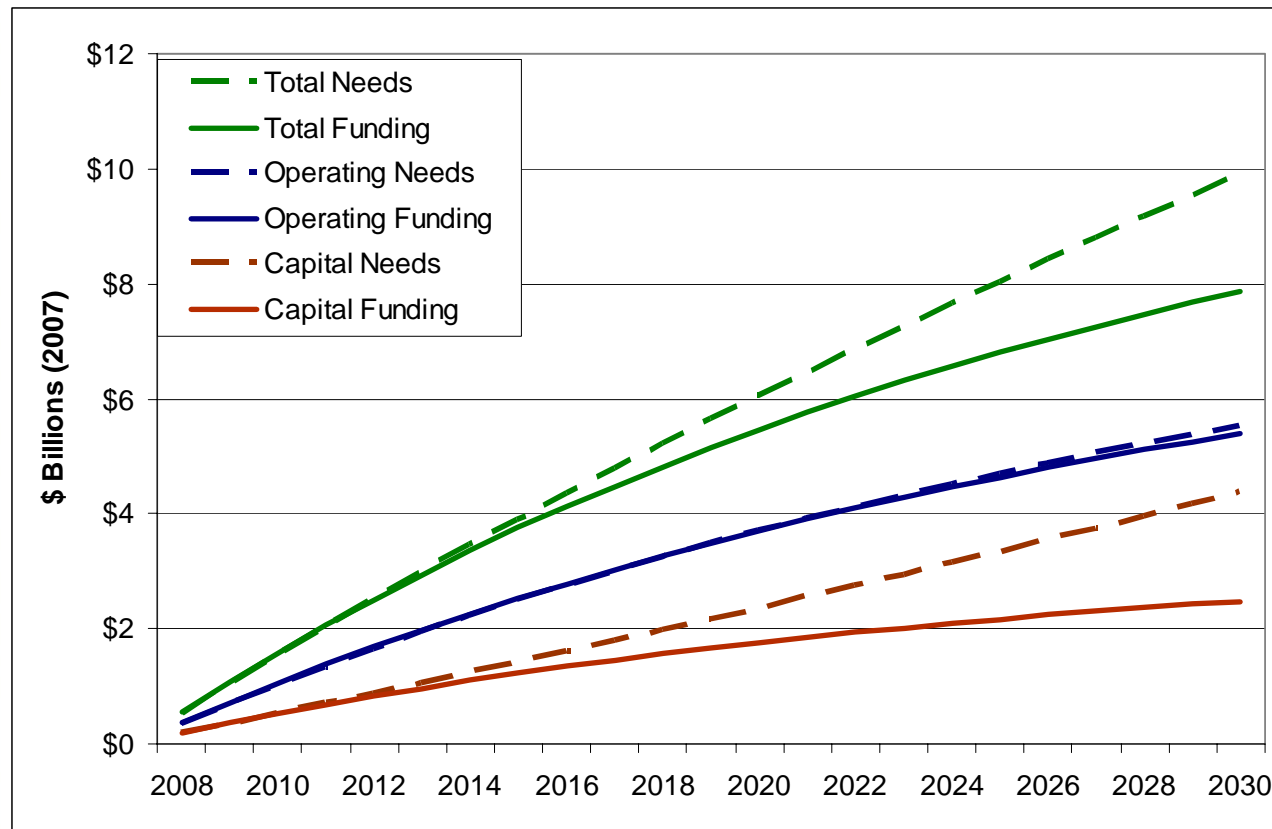


*Sources of regional capital
revenues
Total \$190 million*



Charts based on FY 2006 Atlanta regional transit revenue sources as reported locally

Annual capital and operating needs of the existing transit systems (2007-2030)



- ▶ Cumulative gap of \$2 billion between 2007 and 2030 (2007 dollars) to maintain existing systems
- ▶ Equivalent annual revenues required to fill gap = \$180 million (2007 dollars)

Based on 2006 baseline regional transit revenues and costs as reported locally and to NTD. Projections based on 3% escalation of operating costs, 8% for capital costs, and 2% for revenues








Overview of Capital and Operating Costs for Regional Projects

Let's get started.




Capital and operating costs of the potential regional transit system






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- ▶ Based on current iteration of the regional transit project list, total capital needs ranges from \$8 billion to \$38.29 billion (in 2007 dollars)
 - ▶ Annual operating costs for the proposed regional system are ranges from \$14 million to approximately \$560 million over the period 2007-2030
 - ▶ The annualized capital and operating costs total range from \$574 million to \$2.72 billion

	Present Value of Potential System	Present Value of All Projects	Annualized Cost of Potential System	Annualized Cost of All Projects
Capital Costs	\$8.00 billion	\$38.29 billion	\$560 million	\$2.68 billion
Operating Costs	\$0.02 billion	\$0.56 billion	\$14 million	\$0.04 billion
Total Costs	\$8.02 billion	\$38.85 billion	\$574 million	\$2.72 billion

Based on latest version of TPB regional transit system project list




Total potential gap in funding for existing plus aspiration system

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- ▶ Gap between existing funding and existing needs is approximately \$180 million annually over the period 2007-2030
 - ▶ Gap between existing funding and existing + total needs is approximately \$2.9 billion annually over the period 2007-2030
 - ▶ Gap between existing funding and existing + “potential” needs is approximately \$768 million annually over the period 2007-2030



Transit Revenue Options in Peer Regions

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Examples of traditional and non-traditional funding approaches



► Traditional

- Sales taxes
- Gas taxes
- Property taxes
- Passenger fare revenues
- Federal funds
- State funding






► Non-traditional

- Lottery proceeds
- Motor vehicle excise tax (MVET)
- Motor vehicle registration fees
- Rental car taxes
- Transit development impact fees
- Parking taxes
- Road user fees
- Mileage based fee/tax
- Business transportation tax/employee tax
- Improvement districts

NOTE: Details on peer regions at end of presentation



Peer Region Funding Summary

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- ▶ Several Peer **Regions** have **benefited from voter initiatives** that have been initiated by transit agencies in each region.
 - ▶ The voter initiatives have **typically taken the form of a sales tax** to generate revenues to supplement traditional sources of income such as federal and state grants and farebox collection.
 - ▶ The decision as to **how to allocate funds** between operations and capital is usually at the **discretion of the transit agency** if funds are dedicated, though some stipulate that dedicated funds must first be used for operations and are available for capital only once operating funds are found to be sufficient. In some cases, funds must be directed toward a specific list of projects approved by voters.
 - ▶ **Other sources of revenue**, such as public-private partnerships, real estate proceeds, advertising, and other fees **have not contributed largely** percentage-wise to the total amount of revenue required.








Atlanta Region Potential Revenue Options and Yield

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Summary of alternatives

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- ▶ MARTA dedicated sales & use tax
 - Add Clayton, Cobb, and Gwinnett counties to MARTA tax area
 - MARTA tax expanded to all 13 counties in study area
 - Adjust the rate
 - ▶ Property tax
 - ▶ Annual vehicle registration fee
 - ▶ Vehicle ownership excise tax
 - ▶ Vehicle sales tax
 - ▶ Special tax districts (e.g., TAD, TMA, CID)
 - ▶ Gas tax



Summary of alternatives

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- ▶ Regional Sales Tax (SPLOST or MOST - sales tax mechanism)
 - ▶ Transit Oriented Development (TOD)/Tax Increment Financing (TIF)
 - ▶ FTA New Starts and Small Starts programs
 - ▶ Other FTA funds such as Rail/Fixed Guideway Modernization can be used for some capital replacement costs
 - ▶ Other federal highways funds flexed to transit such as Interstate, Surface Transportation Program, and Congestion Mitigation Air Quality funds
 - ▶ Public-private partnerships – more of a financing mechanism than a funding mechanism
 - ▶ Regional road pricing

Sales and use tax

- ▶ Fulton and DeKalb Counties are projected to generate \$412 million annually (2007 dollars) over the period 2007-2030. These are included in the baseline revenue and gap estimates
- ▶ The other three core counties – Clayton, Cobb, and Gwinnett – are projected to generate \$421 million annually over the same time frame
- ▶ The other eight counties are projected to generate \$283 million annually
- ▶ Total potential **new** revenues if expanded to cover 13 counties: **\$704 million (annually)**
- ▶ Total potential **new** revenues if expanded to cover 13 counties and raised to 2%: **\$1.82 billion (annually).**

Based on existing sales tax receipts provided by TPB, Census population estimates for 2006, and ARC population projections for 2010-2030

County	1% Sales Tax Annual Revenues (2007 Dollars)
DeKalb	\$ 129,930,000
Fulton	\$ 282,270,000
Clayton	\$ 68,142,000
Cobb	\$ 150,022,000
Gwinnett	\$ 202,826,000
Subtotal	\$ 833,190,000

Cherokee	\$ 45,937,000
Coweta	\$ 27,687,000
Douglas	\$ 39,492,000
Fayette	\$ 28,376,000
Forsyth	\$ 46,575,000
Henry	\$ 47,742,000
Paulding	\$ 23,399,000
Rockdale	\$ 23,505,000
Subtotal	\$ 282,713,000

Total	\$ 1,115,903,000
Total - New Only	\$ 703,703,000

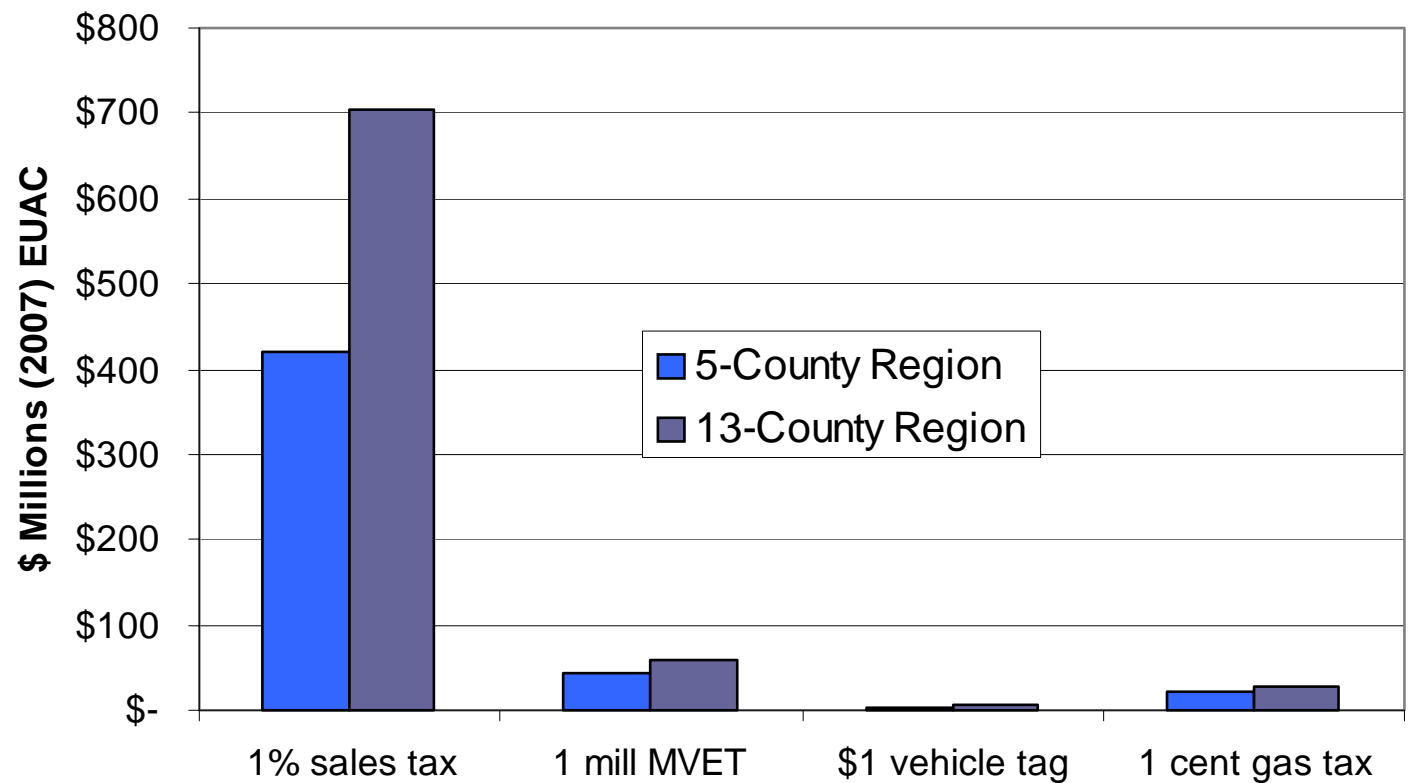


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Alternatives quantified to date

- ▶ 1% sales tax
- ▶ 1 mill MVET
- ▶ \$1 annual vehicle tag
- ▶ 1 cent gas tax



Various assumptions taken for each revenue computation

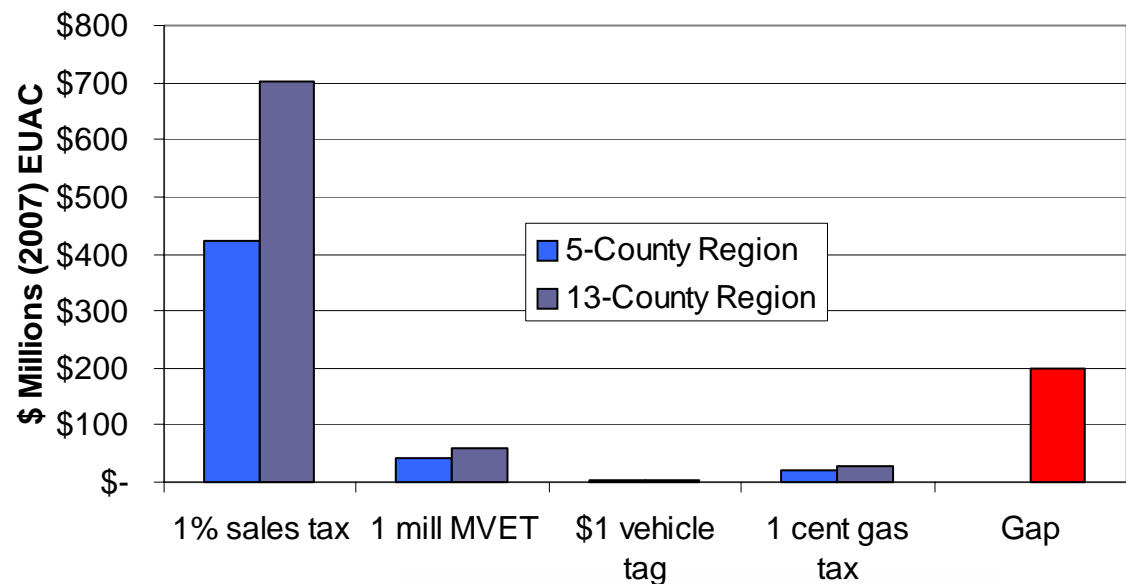


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Scenario 1 - Baseline

- ▶ Continues the current systems from 2007 to 2030 with no growth in service and only routine capital replacement needs met
- ▶ Funding gap = \$180 million annually
- ▶ Potential methods to fund that gap:
 - Expand existing MARTA tax to Gwinnett County = \$203 million
 - 3.5 mill MVET across 13 counties = \$208 million
 - Raise gas tax 10 cents in 5 counties = \$209 million
 - Raise gas tax 7 cents in 13 counties = \$196 million

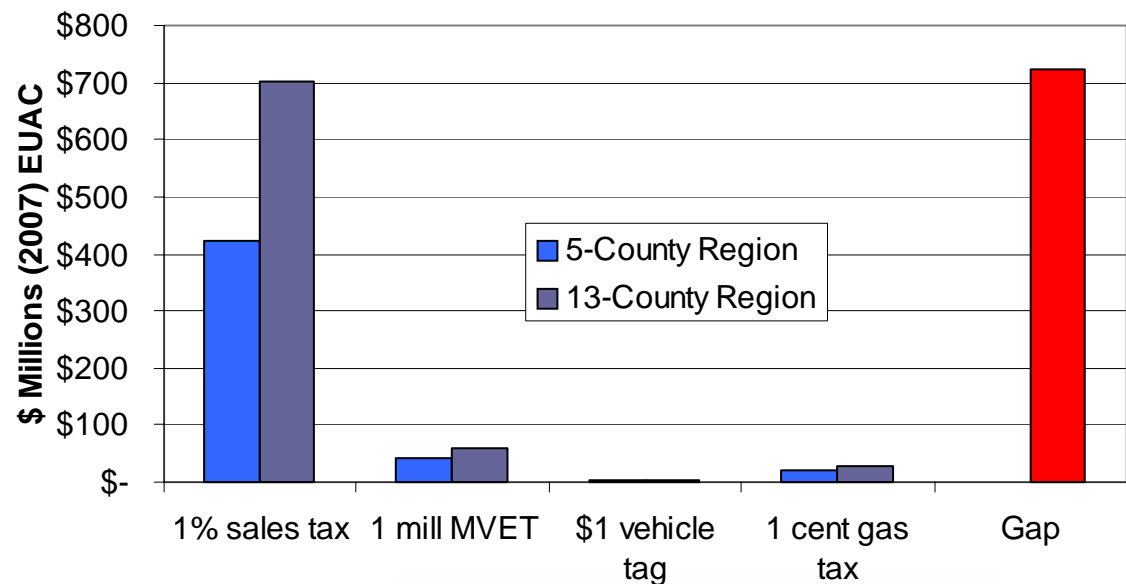


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Scenario 2 – Minimal growth in capital and operating

- ▶ Continues the current systems from 2007 to 2030 with 20% growth in capital and operating costs from projects in aspiration list
- ▶ Funding gap = \$724 million annually
- ▶ Potential methods to fund that gap:
 - Expand existing MARTA tax to 13 counties = \$704 million
 - 14 mill MVET = \$832 million
 - 20 cent gas tax in 13 counties = \$578 million
 - \$170 annual vehicle tag = \$808 million

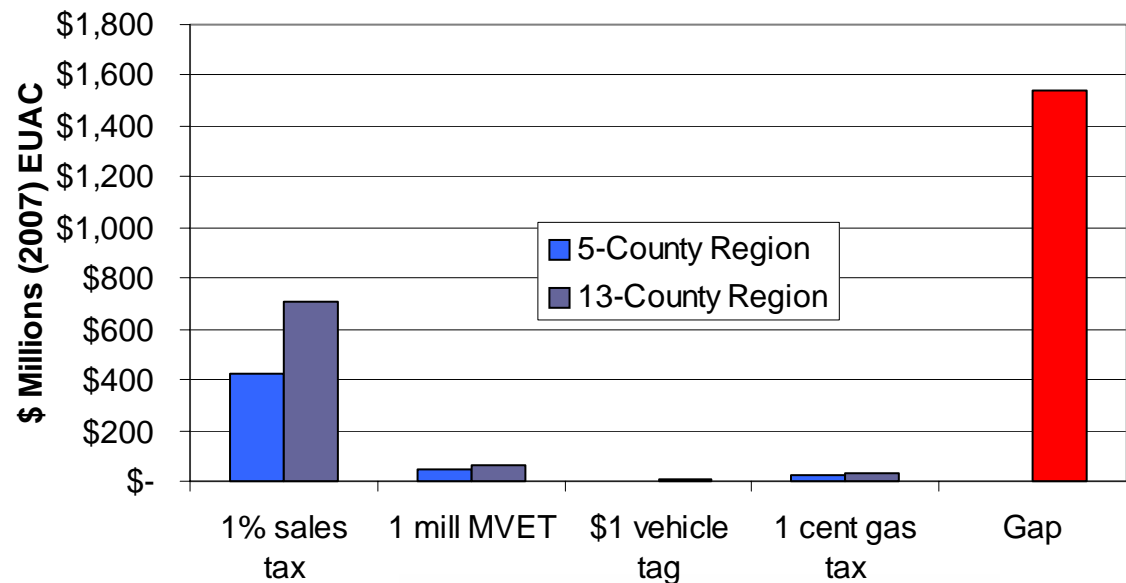


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Scenario 3 - Modest growth in capital and operating

- ▶ Continues the current systems from 2007 to 2030 with 50 % growth in capital and operating costs from projects in aspiration list
- ▶ Funding gap = \$1.54 billion annually
- ▶ Potential methods to fund that gap:
 - Expand existing MARTA tax to 13 counties = \$700 million
 - 1% sales tax in 13 counties = \$1.1 billion
 - Raise gas tax by 60 cents in 13 counties = \$1.7 billion
 - 30 mill MVET = \$1.8 billion

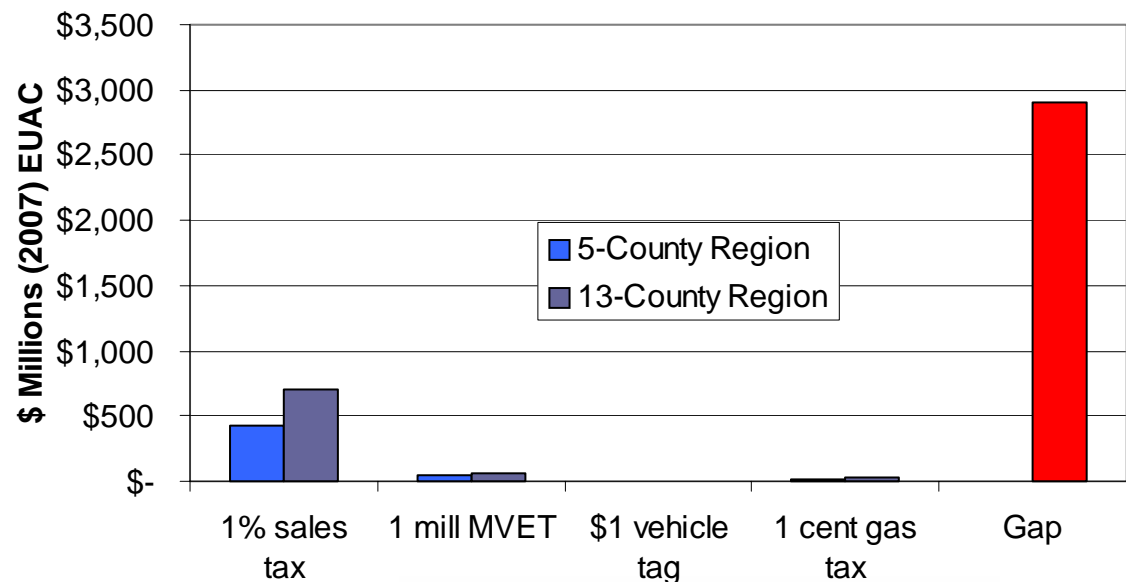


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Scenario 4 – Full aspiration system implemented

- ▶ Continues the current systems from 2007 to 2030 and completes all the projects identified in the aspiration list
- ▶ Funding gap = \$2.9 billion annually
- ▶ Potential methods to fund that gap:
 - Expand MARTA tax to 13 counties = \$700 million
 - 2% sales tax in 13 counties = \$2.2 billion
 - 110 cent gas tax in 13 counties = \$3.13 billion
 - 60 mill MVET = \$3.6 billion

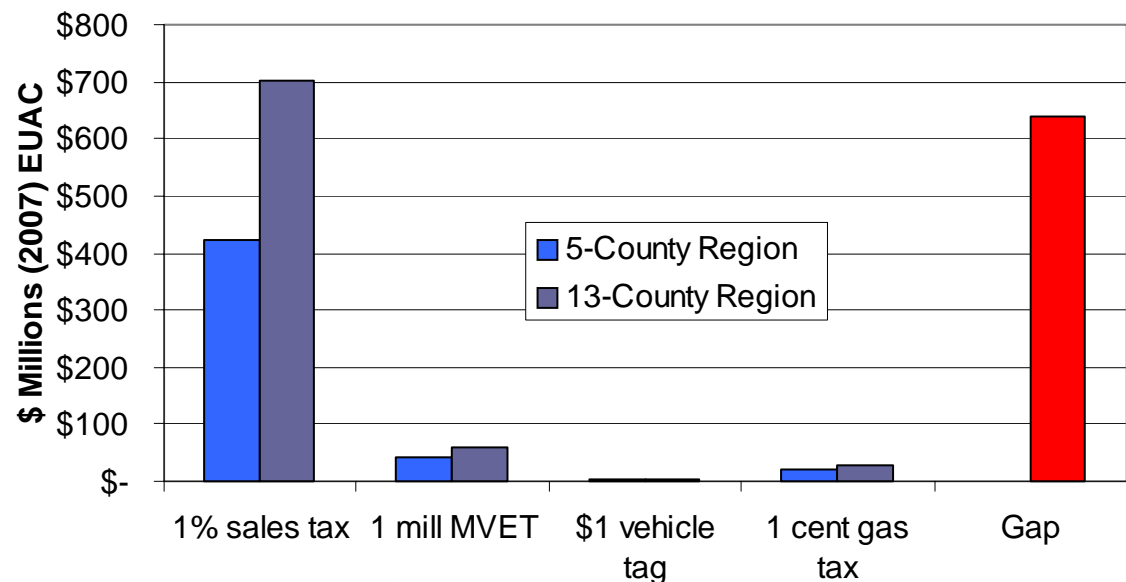


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Scenario 5 – “Highlighted” projects only

- ▶ Continues the current systems from 2007 to 2030 and completes only the highlighted projects list
- ▶ Funding gap = \$640 million annually
- ▶ Potential methods to fund that gap:
 - Expand MARTA tax to Cobb, Gwinnett, and Clayton Counties = \$421 million
 - 0.6% sales tax in 13 counties = \$670 million
 - 24 cent gas tax in 13 counties = \$680 million
 - 10 mill MVET = \$600 million








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Additional alternatives

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- ▶ Public-private partnerships (e.g., Joint Development) typically facilitate the financing of transit projects, but do not generally provide significant funds. Some revenues can be generated through:
 - Land leases or sales
 - Air rights development
 - Benefit assessment districts (e.g., TIF)
 - Station leasing
 - Advertising
 - ▶ Securing FTA New Starts funds is a lengthy (10 years), costly, and competitive process and requires a minimum 50% local match. However, if projects have a good chance to rate highly against federal criteria, it may be worth competing for those projects.
 - ▶ Regional, distance-based road pricing at 5 cents per mile on Interstate facilities in the Atlanta region would generate \$850 million annually (gross). May be some capital costs associated with implementation to collect the distance-based charges.








Round Table Discussion

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Summary of discussion items

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- ▶ Which scenario(s) do you prefer (i.e. how much do you want to expand the existing systems/services?)
 - ▶ Which funding tools appeal to you the most? The least?
 - ▶ Which current state or local legislative initiatives do you prefer?
 - ▶ What would you consider to be an equitable way to raise funds for those already funding transit and those funding transit in the future?
 - ▶ What other information do you need to help you make a decision on a future direction for regional transit?

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Next Steps

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Summary of next steps

- ▶ Acquire additional information identified today
- ▶ Refine funding strategies discussed today
- ▶ Financing strategies for project delivery



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